Comments and suggestions for National Strategy for Sustainable Development from SOPOLEC.

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I. Comments related with Part III – section I – 1.1 Climate Change and Clean Energy

1. Related with limiting the impact of energetic sector on climate change – some good methods/mechanisms for reaching the set targets should be considered such as:
    a. Opening the national market of carbon trading – by integrating it with the European Carbon trading market (allowing the European operators to access the national market).
    b. Setting a fair rate of penalties for the companies that do not meet the allocated targets (in this moment the legislation is favourable for the companies that emit below the set limit and have the possibility to sell the certificates allocated; however the fines/penalties for the companies that are above the limit are not that large so that they should be encouraged to invest into projects that would reduce their emissions in order to avoid paying the fines)
    c. Given the high contribution of energy inefficient construction and European directives, Romania must ensure the list of new categories/industries to be included (including construction) are addressed in a robust manner. Ensure the carbon trading scheme is extended and/or create feasible mechanisms to reduce the CO2 emissions from the construction and related services; establish a clear timeline for drafting the legislation. To encourage the necessary collaboration, an interministerial work group that could elaborate the project / consultations with the private sector and civil society should be established
    d. Consider introductions of “white certificate” schemes used in other European countries that reward end-users for saving energy.

2. Related with modernization of cogeneration systems and urban heating
    a. Identify and support innovative and feasible mechanisms for thermal rehabilitation of old blocks that also involve the provider of utilities. The provider of utilities could, for example, be encouraged to actively participate in the financial mechanisms for the thermal rehabilitation of old blocks (example, it could finance part of the project in exchange for signing a long-term fidelity contract with the apartment owners at a set price level?)
    b. Reform the system to protect low-income users of energy from high prices. The subsidies should move away from subsidizing the payment of energy bills towards subsidizing energy efficiency projects/works implemented that would increase the energy efficiency of the house/building/apartment; suggestion – since energetic auditing of the buildings will be mandatory since 2007 (new Buildings) /2009 (old buildings) – all the buildings will be rated and a set of measures for improving the rate must be suggested by the energetic auditor. Subsidies can be directed toward implementing these measures provided by the energy auditor
    c. Encouraging and supporting "Off grid" communities –especially in the rural area Develop strategies and programs to allow or encourage communities to provide energy from renewable sources independent of established power grids or be able to sell excess renewable energy back to the utility.
3. Related with promoting renewable energy sources
    a. Better implementation of the legislation that regulates the market of "green certificates" - maintain the obligations of electricity distributors to buy renewable energy (in this moment if they don't meet the acquisition quotas of renewable energy they are reduced at the end of the year by the government); Facilitate the access of producers of renewable energy into the grid; open the market of green certificates and integrate it into the European one
    b. Differentiate the number of green certificates allocated for 1MW based on the type of renewable source that is used for producing it (for example the cost of producing 1 MW of renewable electricity using photovoltaic panels is much higher than the cost for producing it using wind mills). The minimum price set per certificate should cover at least the production costs in order to be cost-effective for the producer.
    c. Create financial mechanisms for encouraging the production of thermal energy out of renewable sources

d. Encourage the usage of renewable energy sources by small end-users (in this moment the legislation that promotes usage of renewable energy is focused on encouraging only the producers of energy that delivers it back to the grid; no regulation/ support for small end-users that are interested in self supply)
e. Allow Utilities to provide financing / loans (similar to banks) for renewable energy or energy efficiency projects and to invoice the monthly payments on the utility bills with threat of utility cutoff for non-payment. This will encourage the utilities to act as partners in energy efficiency as they would make money from financing versus selling more energy. The utilities would have a strong t mechanism for ensuring repayment of their investment as they would be allowed to cut power or gas for non-payment of this particular loan.

4. Related with the set objectives for 2030 in reducing the impact of the energetic sector on climate change
    a. Development of" passive" buildings or very low energy buildings - is a very good measure to consider; however the time horizon is too long and therefore the impact that it could have will be diminished considerably; given that we are still in a period (limited) of construction boom it is advisable to make sure that the constructions that are built right now have a limited impact on the environment; we should act as soon as possible in promoting, encouraging and supporting the adoption and implementation of ecological standards and certification systems for low energy buildings. Consider the UK is requiring "zero emissions" housing by 2013 for new construction. Technology advances, market development, and "economies of scale", and rapidly increasing energy prices will ensure that this initiative is financial feasible for all income levels – It would, in fact, provide more income protection for low income households as they will be shielded from increasing energy prices. The increasing availability of home mortgages will help to spread the initial investment over many years and match slightly higher payments with vastly reduced energy bills.

II. Comments related with Part IIII – Section 1 – Part 1.3 Sustainable production and consumption.
    1. Related with implementation of ETAP RoadMap – Suggestion – in order for the plan to be efficient it should establish a clear monitoring mechanism for implementing the agreed upon activities; Once all the stakeholders that have responsibilities ifor ETAP implementation agree upon the Roadmap they should be obligated to assign resources (human resources and funding) for implementation; otherwise the plan is not effective at all.

III. Comments related with Part III – Section 3 – Financial Instruments

1. Need to support market based financing mechanisms for the adoption of environmental technologies; public sources of funding should be directed towards pilot projects that would test/demonstrate the feasibility of applying the specific financial measure/ mechanism in a large scale; one good source of funding for these type of pilot projects might be the Environment Fund – they should consider establishing a special funding stream for demonstrative pilot projects that are close to the market and that could be easily transformed into viable environmental products/ services that could be tested and promoted afterwards at a large scale
2. Provide funding for the tests, promotion and implementations of "Green Mortgages". This is a mechanism where a bank provides a higher loan balance if a residence has achieved a high energy efficiency rating. In, in effect, treats long term energy savings as an "income stream" for the future thus improving the credit profile of the borrower. This program would be very little incremental costs as the buildings are already required to receive an energy certification. The bank would simply change its process to exam this energy certification performed by the accredited energy auditor. Real Estate Developers would be encouraged to build greener developers as they would be confident potential buyers of energy efficient properties would receive larger loans. Banks would have an innovative product with which to differentiate themselves. Home buyers would have more disposable income each month with low energy bills and only marginally higher mortgage payments. The risks are easily calculated (particularly within a controlled pilot project) and result only from the remote possibility of energy prices falling and staying low for most of the mortgage term. The government funding for this program would be required only for intitial planning, publicity, and, perhaps, a performance guarantee in the case of continued low energy prices (which would be more than offset by the economic benefits in the unlikely event of continued low energy prices). This initiative would help the development of energy auditors and other desired skill sets for improving energy efficiency. This would also make Romania a country leader in an innovative financial tool viable and available to all income levels and residential housing types.